### Case5:12-cv-02904-LHK Document93 Filed03/11/13 Page1 of 17 Gregg McLean Adam, No. 203436 Gonzalo C. Martinez, No. 231724 Amber L. West, No. 245002 1 2 CARROLL, BURDICK & McDONOUGH LLP Attorneys at Law 3 44 Montgomery Street, Suite 400 San Francisco, CA 94104 4 415.989.5900 Telephone: 415.989.0932 5 Facsimile: Email: gadam@cbmlaw.com 6 Attorneys for Defendant 7 San Jose Police Officers' Association ("SJPOA") UNITED STATES DISTRICT COURT 8 9 NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION CITY OF SAN JOSE, 10 No. C12-02904 LHK PSG 11 Plaintiff, DEFENDANT SAN JOSE POLICE OFFICERS' ASSOCIATION'S NOTICE OF MOTION AND MOTION FOR ATTORNEY 12 FEES: MEMORANDUM OF POINTS AND 13 SAN JOSE POLICE OFFICERS' AUTHORITIES IN SUPPORT THEREOF ASSOCIATION; SAN JOSE FIREFIGHTERS; I.A.F.F., LOCAL 230; MUNICIPAL EMPLOYEES' 14 DECLARATIONS OF GREGG A. ADAM. GONZALO C. MARTINEZ, AND AMBER L. FEDERATION, AFSCME, LOCAL 101; CITY ASSOCIATION OF 15 WEST CONCURRENTLY FILED 16 Date: September 12, 2013 Time: 1:30 p.m. MANAGEMENT PERSONNEL. IFPTE, LOCAL 21, THE Place: Dept. 8 17 INTERNATIONAL UNION OF Judge: Hon. Lucy H. Koh 18 OPERATING ENGINEERS, LOCAL NO. 3; and DOES 1-10, 19 Defendants. 20 21 22 23 24 25 26 27 28

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NOTICE OF MOTION AND MOTION FOR ATTORNEY FEES (NO. C12-02904 LHK PSG)

## **NOTICE OF MOTION & MOTION**

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE THAT on September 12, 2013 at 1:30 p.m. or as soon thereafter as the matter may be heard in the courtroom of the Honorable Lucy H. Koh, located at 280 South 1st Street, Courtroom 8, 4th Floor, San Jose, CA 95113, Defendant San Jose Police Officers' Association ("SJPOA") will and hereby does move this Court for an Order granting SJPOA its reasonable attorney fees incurred to defend against this action filed by Plaintiff the City of San Jose. This motion is brought pursuant to California Code of Civil Procedure 1021.5, and is based upon this Notice of Motion and Motion, the accompanying Memorandum of Points and Authorities, Declaration of Gregg McLean Adam, the pleadings and papers filed herein, and upon such other matters as may be presented to the Court at the time of hearing.

Dated: March 11, 2013

CARROLL, BURDICK & McDONOUGH

 $\mathbf{B}\mathbf{y}$ /s/ Gregg McLean Adam Gregg McLean Adam Attorneys for Defendant San Jose Police Officers' Association

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## **MEMORANDUM OF POINTS AND AUTHORITIES**

### I. Introduction

The day of the June 2012 primary election, the City of San Jose filed a complaint in this Court against five unions<sup>1</sup> that represent its employees asking for an advisory opinion that Measure B, a pension "reform" ballot measure it put before the San Jose voters, was lawful under federal and state law. The City raced to the federal court house to file its premature action—even though Measure B had not yet been enacted by the voters and was *not* the law of San Jose—in an improper attempt to deny the unions a state court forum for their anticipated complaints filed the day *after* Measure B was enacted. Indeed, the City amended its complaint to include allegations parroting those of the unions' state court complaints.

At great expense, defendant San Jose Police Officers' Association vigorously opposed the City's action and filed a motion to dismiss because the First Amended Complaint ("FAC") failed on *all* three prongs of Article III subject matter jurisdiction, *i.e.*, ripeness, standing, and advisory opinion. SJPOA further sought dismissal or a stay based on three separate federal abstention principles due to California's great state interest in deciding the legality of Measure B in the first instance because it impacted state-law-based vested pension rights. The research and briefing was complex and, further, required coordination among defendants. After all the briefing was complete and the parties had begun preparation for argument, the City voluntarily dismissed its lawsuit three days before the hearing.

SJPOA is entitled to its reasonable attorney fees incurred in defending against the City's lawsuit under California's private attorney general doctrine because it satisfied its litigation objective of having the City's federal action dismissed, it conferred a benefit on all San Jose city employees affected by

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<sup>&</sup>lt;sup>1</sup> Defendants are the San Jose Police Officers' Association, the City Association of Management Personnel, IFPTE, Local 21; Municipal Employees' Federation, AFSCME, Local 101; and San Jose Firefighters, I.A.F.F. Local 230.

Measure B because their rights will be determined in state court, and because the
necessity and financial burden of defending against the City's lawsuit favors
recovery of fees.
II. RELEVANT FACTS AND PROCEDURAL BACKGROUND
The City filed its complaint on June 6, 2012, asking for an advisory
opinion that Measure B was lawful under federal and state law. Dkt. 1. On its fa

opinion that Measure B was lawful under federal and state law. Dkt. 1. On its face, Measure B affected all San Jose city employees, even though the City did not sue all the unions that represent the employees, or all the employees. *Id.*; Adam Decl. ¶ 6.

The City waited more than a month before serving its complaint on the union defendants. *See* Dkt. 2, 36. It filed a First Amended Complaint ("FAC") on July 3, 2012 (Dkt. 33), substantially parroting the allegations in the unions' state law complaints filed the day after Measure B was enacted. *E.g.*, Dkt. 60 at 5-6. Specifically, the FAC asked for a judgment that Measure B did not violate the following state and federal laws:

the contracts clause of the United States Constitution, Article I, § 10; the contracts clause of the California constitution, Article I, § 9; the takings clause of the 5th amendment to the United States constitution; the takings clause of the California constitution, Article I, 19; the federal due process guarantees of the 5th and 14th amendments to the United States constitution; state due process guarantees of the California constitution, Article I, section 7; the right to petition government under the federal and state constitutions; separation of powers under the California constitution, Article III, section 3; breach of contract; . . . the Meyers-Milias-Brown Act, [California] Government Code section 3500 et seq.; promissory estoppel; and violation of the California Pension Protection Act, [California] constitution, Article XVI, section 17.

See FAC ¶ 31.

SJPOA filed a motion to dismiss<sup>2</sup> the FAC on Article III justiciability grounds, arguing that (1) the City's action was unripe because it was filed *before* 

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<sup>&</sup>lt;sup>2</sup> San Jose Firefighters filed the initial motion to dismiss. Subsequently, AFSME also filed its own motion to dismiss. Per Court order, all the motions were consolidated for briefing. *See* Dkt. 54.

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Measure B was even enacted and because the City pled Measure B required implementing ordinances; (2) the City's action at its core asked for an advisory opinion that Measure B is constitutional in all applications; and (3) the City lacked standing because it did not allege any injury, let alone injury traceable to the unions' conduct. Alternatively, it asked for a stay or dismissal based on three separate federal abstention principles (i.e., Brillhart abstention, Younger abstention, and Pullman abstention) because California had a strong state interest in deciding the legality of Measure B since it attacked state-law-based vested pension rights. See Dkt. 41 at 1-2.

The City opposed, conceding that it brought its action prematurely but nevertheless pressing forward with its claims. See Dkt. 60; Dkt. 72 at 4:18-19. Despite its stipulation asking the Court to "rule as soon as practicable after the October 4[, 2012] hearing on the motions" (Dkt. 54 at ¶ 5), the City sought to delay the October 4 hearing and asked SJPOA to agree to continue the hearing, purportedly so the City could prepare to bring its claims in the pending state court action. Adam Decl. ¶ 9. Because the City's asserted claims were meritless, and because it desired a hearing on the motion to dismiss as soon as possible, SJPOA declined. Id.

SJPOA and the other union defendants filed a consolidated reply brief pursuant to stipulation, on which SJPOA took the lead. See Dkt. 72; Adam Decl. ¶ 10. That reply explained why the City still failed to satisfy its burden of showing subject matter jurisdiction existed and why abstention was inappropriate. Id. at 1-3 and generally.

The matter was set for hearing before this Court on October 4. See Dkt. Even though the City knew the unions desired a timely hearing and had already declined to continue the matter because they desired resolution of the City's claims, the City submitted a letter to this Court obliquely asking it to continue the October 4

hearing. See Dkt. 76 at 2.<sup>3</sup> That letter implicitly acknowledged the complexity of the underlying motions to dismiss. See id. This Court declined the City's request and issued an order stating that: "The Court will proceed with the October 4, 2012 hearing on Defendants' three pending motions to dismiss . . . unless by Monday, October 1, 2012, the parties stipulate to a stay of this case pending the Superior Court's resolution of the state law claims in this case or the City of San Jose dismisses this case pursuant to Federal Rule of Civil Procedure 41." See Dkt. 79 (9/28/12 Order at 1.) No agreement to stay was reached. Adam Decl. ¶ 11.

Three days before the hearing on the motions to dismiss, the City voluntarily dismissed its complaint against SJPOA and AFSCME. Dkt. 80.<sup>4</sup> It then refiled in state court. Adam Decl. ¶ 12. Further, as detailed in the Adam and West Declarations, the parties have met and conferred about this motion. Adam Decl. ¶¶ 13-14; West Decl. ¶ 8.

# III. SJPOA IS ENTITLED TO REASONABLE ATTORNEY FEES UNDER CALIFORNIA'S PRIVATE ATTORNEY GENERAL STATUTE

## A. California's Private Attorney General Statute

California Code of Civil Procedure § 1021.5 provides, in relevant part: "Upon motion, a court may award attorneys' fees to a successful party against one or more opposing parties in any action which has resulted in the enforcement of an important right affecting the public interest if: (a) a significant benefit, whether pecuniary or nonpecuniary, has been conferred on the general public or a large class of persons, (b) the necessity and financial burden of private enforcement, or of enforcement by one public entity against another public entity, are such as to make the award appropriate, and (c) such fees should not in the interest of justice be paid

<sup>&</sup>lt;sup>3</sup> Defendant AFSCME filed a letter objecting to the City's request. See Dkt. 77.

<sup>&</sup>lt;sup>4</sup> Because the other union defendants had answered the City's complaint, the City filed a motion to dismiss those defendants, and later, pursuant to court order, a stipulation dismissing them. *See* Dkt. 82-83, 89-90.

out of the recovery, if any." These statutory factors are interrelated. See Press v. Lucky Stores, Inc., 34 Cal.3d 311, 319 (1983).

The California Supreme Court has noted approvingly that under the statute "attorney fees have been awarded to those defending against suits by public entities." *In re Adoption of Joshua S.*, 42 Cal.4th 945, 957 (2008). The reason for that is that "[w]hen a party initiates litigation that is determined to detrimental to the public interest, attorney fees" may properly be imposed. *Id.* The Ninth Circuit has held that section 1021.5 applies in federal courts. *See City of Carmel-By-The-Sea v. U.S. Dept. of Transp.*, 123 F.3d 1142, 1167-1168 (9th Cir. 1997).

B. SJPOA Is Entitled to Fees Because It Was the Successful Party, It Enforced Important Rights Which Benefited All San Jose City Employees, and Because the Necessity and Financial Burden of Defending Against the City's Litigation Militates in Its Favor

SJPOA meets all of section 1021.5's requisites and is entitled to attorney fees under the private attorney general doctrine.

1. SJPOA Is the Prevailing Party Because It Achieved Its Litigation Objectives When the City Voluntary Dismissed

For purposes of section 1021.5, "[t]he term 'successful party' . . . means the party to litigation that achieves its objectives." *Graham v. DaimlerChrysler Corp.*, 34 Cal.4th 553, 571 (2004). Accordingly, because "[a] lawsuit's ultimate purpose is to achieve actual *relief from an opponent . . . .* if a party reaches the 'sought-after destination,' then the party 'prevails' regardless of the 'route taken.'" *Ibid.* That means that a defendant is the "successful party" even when the plaintiff voluntarily dismissed its lawsuit. *Id.* at 572 ("a defendant can be a prevailing or successful party after a plaintiff has voluntarily dismissed the case against it"). Whether the dismissal was with or without prejudice is irrelevant. *See, e.g., Wal-Mart v. City of San Marcos*, 132 Cal.App.4th 614, 622 (2005) (awarding fees in case involving dismissal without prejudice on ripeness grounds; noting "[a]n award

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is not barred when the case was won on a preliminary matter, the case settled or the opposing party voluntarily withdrew its claim").

SJPOA is the successful party for purposes of section 1021.5 because the City's voluntary dismissal of the FAC achieved the union's litigation objectives of (1) having the City's federal lawsuit dismissed and (2) having the state court decide the legality of Measure B. Courts have awarded section 1021.5 attorney fees in similar circumstances. For example, in Wal-Mart v. City of San Marcos, the court held that the individuals who defended against and obtained dismissal without prejudice of a lawsuit brought by Wal-Mart were the "successful parties" under the statute: "In bringing its petition [for writ of mandate], Wal-Mart sought to keep the referendum off the ballot. In opposing the petition, on ripeness and other grounds. Drake and Walton sought dismissal of the petition to allow a vote on the City's action to proceed, and that is precisely the relief they obtained." 132 Cal.App.4th at 621. The same is true here. SJPOA moved to dismiss the City's federal lawsuit to have the state court decide the legality of Measure B, and when the City voluntarily dismissed its lawsuit in the face of SJPOA's motion to dismiss for lack of subject matter jurisdiction, that is "precisely the relief [it] obtained." *Id.* at 621.

## SJPOA Vindicated Important Rights Which Significantly Benefited All San Jose City Employees Affected by Measure B 2.

Whether a right vindicated is sufficiently important to justify a fee award requires a court to "assess the litigation and determine, from a practical perspective, whether or not the action served to vindicate an important right so as to justify an attorney fee award under a private attorney general theory." Woodland Hills Residents Assn., Inc. v. City Council, 23 Cal.3d 917, 938 (1979); Bartling v. Glendale Adventist Med. Ctr., 184 Cal. App. 3d 97, 103 (1986) (practical analysis based on the facts of each case). "[T]he extent of the public benefit need not be great to justify an attorney fee award." Center for Biological Diversity v. County of San Bernardino, 185 Cal. App. 4th 866, 894 (2010). And the benefit obtained need CBM-SF\SF571148 -6not be actual and concrete. *In re Adoption of Joshua S.*, 42 Cal.4th 945, 958 (2008) ("section 1021.5 award[s] can involve rights or benefits that are somewhat intangible, such as clarifying important constitutional principles"); *Braude v. Automobile Club*, 178 Cal.App.3d 994, 1013 (1986) (concrete benefit not required where benefits were doctrinal or conceptual in nature). Thus, vindication of public policies "of [a] constitutional stature" satisfies the "important right" criteria. *See Press*, 34 Cal.3d at 318 ("The determination that the public policy vindicated is one of constitutional stature ... establishes the first of the ... elements requisite to the award (i.e., the relative societal importance of the public policy vindicated")).

All these requirements are established here. The City's dismissal vindicated the two constitutionally-based principles SJPOA advanced in its motion, and (at a minimum) conferred a significant benefit on all City employees affected by Measure B.

First, SJPOA vindicated the right of all San Jose city employees' to be free from the City's unripe action and an improper advisory opinion on a ballot measure affecting their pension rights—i.e., it enforced Article III justiciability concerns. Stated another way, it vindicated the important principle that municipalities are not entitled to prematurely sue their employees' unions to obtain a pre-enforcement advisory opinion on the constitutionality of their ordinances. See Joshua S., 42 Cal.4th at 957 ("When a party initiates litigation that is determined to be detrimental to the public interest, attorney fees have been imposed"); Wal-Mart, 132 Cal.App.4th at 619-622 (affirming fees even though there was a dismissal without prejudice on ripeness grounds, and no resolution of the underlying merits). All union defendants and the employees they represent benefited from the dismissal for this reason, but the value of that benefit also extends to those City employees who were not in unions sued by the City. The reason for that is because the advisory opinion the City sought may have bound all City employees, even if they were not represented in the action.

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Second, the City's dismissal vindicated the principle that California courts have a strong interest in deciding the legality of state laws such as Measure B in the first instance, particularly when state-based constitutionally vested pension rights are involved. As SJPOA argued in its motion to dismiss briefing, California has a strong interest in protecting public employees' vested pension rights. *See* Dkt. 72 at 17-19. The City's dismissal of the FAC furthered that public policy because its effect was that California state courts will adjudicate the legality of Measure B.

As the California Supreme Court has noted, vindication of constitutionally-based rights "would have little meaning . . . . without some mechanism authorizing the award of attorneys fees." *See Press*, 34 Cal.3d at 318-319. That would have the effect of allowing "vital constitutional principles to become mere theoretical pronouncements of little practical value to ordinary citizens who cannot afford the price of vindicating those rights." *Id.* Moreover, an award of fees here would have the additional salutatory effect of discouraging similar pre-emptive lawsuits by other municipalities seeking advisory opinions regarding the legality of their measures.

# 3. Private Defense Was Necessary Because the City Sued the Unions

The final prong of section 1021.5 is also met here. When a lawsuit is "brought by a public entity . . . the necessity of private rather than public enforcement [to defend against it] is evident." *County of San Luis Obispo v. Abalone Alliance*, 178 Cal.App.3d 848, 868 (1986). Further, "[t]he 'financial burden' criterion . . . is met when 'the cost of the claimant's legal victory transcends his personal interest, that is, when the necessity for pursuing the lawsuit placed a burden on the [claimant] 'out of proportion to his individual stake in the matter." *Id.* California courts recognize that public employee unions are entitled to section 1021.5 fees when the financial stake of individual union members is not CBM-SF/SF571148

sufficiently great to justify the fees spent to defend against the government employer's suit. See Los Angeles Police Protective League v. City of Los Angeles, 188 Cal.App.3d 1 (1986) (awarding fees for defending against city's appeal); see also Bagget v. Gates, 32 Cal.3d 128, 143 (1982) (affirming section 1021.5 fees where police officer's lawsuit enforced due process rights but might not have resulted in any pecuniary benefit to plaintiffs); Citizens Against Rent Control v. City of Berkeley, 181 Cal.App.3d 213, 231 (1986) (inquiry is whether plaintiffs "had an individual stake that was out of proportion to the costs of the litigation").<sup>5</sup>

SJPOA's motion to dismiss was legally complex and involved substantial research and briefing regarding all three prongs of Article III's justiciability requirements, as well three separate federal abstention doctrines. The City implicitly acknowledged the complexity involved in the motion in its letter to this Court. Moreover, as detailed in the Adam Declaration, the financial cost of seeking dismissal was out of proportion to any pecuniary benefit the union or its members could ever obtain in defending this lawsuit. *See* Adam Decl. ¶ 16. For that reason, the last prong of section 1021.5 militates in favor of awarding fees.

# IV. THE AMOUNT OF THE FEE AWARD SOUGHT IS REASONABLE AND SUPPORTED BY THE EVIDENCE

California courts generally apply the "lodestar" method – i.e., the number of hours reasonably expended multiplied by the reasonable hourly rate – in determining the amount of a fee award under section 1021.5. *Press v. Lucky Stores, Inc.*, 34 Cal.3d 311 (1983). "Reasonable hourly rate" is "that prevailing in the community for similar work." *PLCM Group Inc. v. Drexler*, 22 Cal.4th 1084, 1095 (2000). Further, the lodestar figure may be adjusted, based on the particular

<sup>&</sup>lt;sup>5</sup> That SJPOA defended against the City's litigation to secure the pension rights of its members does not make section 1021.5 fees inappropriate. *See Citizens Against Rent Control*, 181 Cal.App.3d at 231 (rejecting as "untenable" city's argument that fees inappropriate because litigation "might someday help [claimants] further or secure their property interests].)

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circumstances of the case, "to fix the fee at the fair market value for the legal services provided." *Id.* Thus, the "trial court makes its determination after consideration of a number of factors, including the nature of the litigation, its difficulty, the amount involved, the skill required in its handling, the skill employed, the attention given, the success or failure, and other circumstances of the case." *Id.* at 1096, *citing Melnyk v. Robledo*, 64 Cal.App.3d 618, 623-24 (1976).

These standards apply in federal court when section 1021.5 fees are sought. *See Mangold v. California Pub. Utilities Comm'n*, 67 F.3d 1470, 1478 (9th Cir. 1995) ("Existing Ninth Circuit precedent has applied state law in determining not only the right to fees, but also in the method of calculating the fees").

# A. SJPOA's Attorneys Worked a Reasonable Number of Hours on This Matter

Prevailing parties are entitled to compensation for "all the hours reasonably spent." *Ketchum v. Moss*, 24 Cal.4th 1122, 1133 (2001). Here, the time records presented in the Declaration of Gonzalo Martinez support the number of hours SJPOA's attorneys spent to dismiss the case from federal court. Martinez Decl. ¶¶ 12-17 & Ex. A.

The number of hours SJPOA applied to its "lodestar" calculation is fully documented by detailed time entries, prepared from contemporaneous records kept in the regular course of business. Martinez Decl. ¶¶ 11-12. Those records were reviewed by Gregg Adam, as the supervising attorney, with the exercise of billing judgment (i.e., hours billed to the client were reduced for inefficiencies, etc.). Adam Decl. ¶ 15. Additionally, SJPOA is not seeking recovery of all hours billed to the client in the case. Consequently, the "lodestar" figure includes significantly fewer hours than were spent litigating this case. *Id.* and Martinez Decl. ¶¶ 13-17.

## B. The Applicable Hourly Rates Are Reasonable

Reasonable hourly rates for attorneys are determined based on "prevailing market rates." *PLCM Group Inc.*, 22 Cal.4th at 1097. Courts consider CBM-SF\SF\SF\SF\ST\1148

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See Martinez Decl. ¶¶ 12-17 & Ex. A.

#### C. SJPOA Is Entitled to Fees on Fees

SJPOA is also entitled to recover its attorney fees in bringing this motion. See Los Angeles Police Protective League, 188 Cal. App. 3d at 14 ("[t]o the League's costs must be added the cost of trying and appealing its attorney fee

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factors such as "salaries, overhead, the costs of support personnel, and incidental expenses." Id. Moreover, courts must consider the experience and expertise of the attorneys and the market rates for attorneys of comparable experience and expertise. Serrano v. Unruh ("Serrano IV"), 32 Cal.3d 621, 640-43 & n. 31 (1982).

SJPOA's Carroll Burdick & McDonough attorneys have considerable experience and expertise with respect to federal and labor litigation like this. Martinez Decl. ¶¶ 2-4, 6-10; Adam Decl. ¶¶ 3-4, 6-7; West Decl. ¶¶ 3-6. They are also deeply familiar with the underlying facts, having represented Plaintiff SJPOA and been involved with the issues underlying this case from the outset. Martinez Decl. ¶¶ 9-10; Adam Decl. ¶¶ 6-12; West Decl. ¶¶ 5-8. Yet, despite the attorneys' wealth of experience and expertise, SJPOA used hourly rates to calculate the "lodestar" that are at, or below, currently prevailing market rates for comparably skilled Bay Area attorneys. While rates in the Bay Area are seldom below the level of \$450 per hour, that is all SJPOA seeks, which is quite low for a recognized leading practitioner in this area of law. Associate rates of \$350 are also at or below the market rate. Adam Decl. at ¶ 16.

The following chart sets forth the lodestar calculation through September 2012, for all time spent on this lawsuit for which an award of reasonable attorneys' fees is sought:

Hourly Rate Hours Lodestar 13.3 Partners \$450 \$5,985.00 167.35 \$350 \$58,572.20 Associates 180.65 TOTAL: \$64,557.50

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1	request"); Ketchum, 24 Cal.4th at 1133 ("absent circumstances rendering the award
2	unjust, an attorney fee award should ordinarily include compensation for all the
3	hours reasonably spent, including those relating solely to the fee") (emphasis
4	original). As it is currently impossible for SJPOA to provide an accurate
5	calculation of fees incurred in pursuing this motion, SJPOA will provide a detailed
6	calculation of such with its reply papers. Martinez Decl. ¶ 17.
7	V. Conclusion
8	For all these reasons, this Court should grant SJPOA its reasonable
9	attorney fees incurred to defend against the City's action.
10	Dated: March 11, 2013
11	CARROLL, BURDICK & McDONOUGH
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13	By/ s / Gregg McLean Adam
14	Gregg McLean Adam Attorneys for Defendant San Jose Police Officers' Association
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